

ECONOMICS ALL INDIA (Main paper) 2017**SET – 1****SECTION – A**

1. Any statement about demand for a good is consider only when the following is/are mentioned in it (choose the correct alternative):
 - a. Price of the good
 - b. Quantity of the good
 - c. Period of time
 - d. All of the above
2. Demand for a good is termed inelastic through the expenditure approach when if (choose the correct alternative)
 - a. Price of the goods falls, expenditure on it rises
 - b. Price of the good falls, expenditure on it falls
 - c. Price of the good falls, expenditure on it remains unchanged
 - d. Price of the good rises, expenditure on it falls
3. Define Indifference curve.
4. A seller cannot influence the market price under: (choose the correct alternative)
 - a. Perfect competition
 - b. Monopoly
 - c. Monopolistic competition
 - d. All of the above
5. State any one feature of monopolistic competition.
6. Give the meaning and characteristic of Production Possibility Frontier.
7. Explain the problem of “How to produce”.
8. Distinguish between ‘increase in demand’ and ‘increase in quantity demanded’ of a good.

Or

Explain the meaning of ‘Budget set’ and ‘Budget line’

9. Explain with the help of a numerical example, the meaning of diminishing marginal rate of substitution.
10. Define market supply. Explain the factor ‘input prices’ that can cause a change in supply.

Or

Give the behaviour of marginal product and total product as more units of only one input are employed while keeping other inputs as constant.

11. Explain “perfect knowledge about the markets” feature of perfect competition.
12. When the price of a good rises from Rs.10 per unit to Rs.12 per unit, its quantity demanded falls by 20 percent. Calculate its price elasticity of demand. How much would be the percentage change in its quantity demanded, if the price rises from Rs.10 per unit to Rs.13 per unit ?
13. Complete the following table:

| Output (units) | Average Fixed Cost (Rs.) | Marginal Cost (Rs.) | Average Variable Cost (Rs.) | Average Cost (Rs.) |
|-----------------------|---------------------------------|----------------------------|------------------------------------|---------------------------|
| 1 | 60 | 20 | ----- | ----- |
| 2 | ----- | ----- | 19 | ----- |
| 3 | 20 | ----- | 18 | ----- |
| 4 | ----- | 18 | ----- | ----- |
| 5 | 12 | ----- | ----- | 31 |

14. From the following total cost and total revenue schedule of a firm, find out the level of output, using marginal cost and marginal revenue approach, at which the firm would be in equilibrium. Give reasons for your answer.
15. Distinguish between Perfect Oligopoly and Imperfect Oligopoly. Also, explain the “interdependence between the firms” feature of oligopoly.

Or

Explain the meaning of Excess demand and Excess supply with the help of a schedule. Explain their effect on equilibrium price.

SECTION –B

16. Demand deposits include (choose the correct alternative)
- Saving account deposits and fixed deposits
 - Saving account deposits and current account deposits
 - Current account deposits and fixed deposits
 - All types of deposits
17. Define Marginal propensity to consume.
18. If the marginal propensity to consume is greater than marginal propensity to save, the value of the multiplier will be (choose the correct alternative)
- Greater than 2
 - Less than 2
 - Equal to 2
 - Equal to 5
19. Define Government Budget.
20. What is meant by depreciation of domestic currency.
21. Explain with the help of an example, the basis of classifying goods into final goods and intermediate goods.
22. Explain “difficulty in storing wealth” problem faced in the barter system of exchange.

Or

Explain the “medium of exchange” function of money.

23. Distinguish between Direct taxes and Indirect taxes. Give an example of each.
24. Explain the “bankers’ bank” function of the central bank.

Or

Explain the process of credit creation by commercial banks.

25. An economy is in equilibrium. From the following data, calculate the marginal propensity to save:
- Income = 10,000
 - Autonomous consumption = 500
 - Consumption expenditure = 8,000
26. Explain how government budget can be helpful in bringing economic stabilization in the economy.
27. Distinguish :
- Between Current Account & Capital Account.
 - Between autonomous transactions and accommodating transactions of balance of payment account.
28. Explain the precautions that should be taken while estimating national income by expenditure method.

Or

Will the following be included in the domestic product of India ? Give reasons for your answer.

- a. Profits earned by foreign companies in India.
- b. Salaries of Indians working in the Russian Embassy in India.
- c. Profits earned by a branch of State Bank of India in Japan.

29. Calculate (a) National Income and (b) Net National Disposable Income.

| | (Rs. in crores) |
|-----------------------------------|------------------------|
| 1 Compensation of employees | 2,000 |
| 2 Rent | 400 |
| 3 Profit | 900 |
| 4 Dividend | 100 |
| 5 Interest | 500 |
| 6 Mixed income of self – employed | 7,000 |
| 7 Net factor to income abroad | 50 |
| 8 Net export | 60 |
| 9 Net Indirect tax | 300 |
| 10 Depreciation | 150 |
| 11 Net current transfer to abroad | 30 |

30. Given a consumption curve, outline the steps required to be taken in deriving a saving curve from it. Use diagram.

SET – 2
SECTION – A

7. Explain the problem of “for whom to produce”.

13. Complete the following table:

| Output (units) | Total Cost (Rs.) | Average Variable Cost (Rs.) | Marginal Cost (Rs.) | Average fixed Cost (Rs.) |
|----------------|------------------|-----------------------------|---------------------|--------------------------|
| 0 | 30 | | | |
| 1 | ----- | ----- | 25 | 30 |
| 2 | 78 | ----- | ----- | ----- |
| 3 | ----- | 23 | ----- | 10 |
| 4 | ----- | ----- | 23 | ----- |
| 5 | 150 | ----- | ----- | 6 |

14. From the following table find out the level of output at which the producer will be in equilibrium (use marginal cost & marginal revenue approach). Give reason for your answer.

| | | | | | |
|----------------------------|----|----|----|----|----|
| Output (units) | 1 | 2 | 3 | 4 | 5 |
| Total Revenue (Rs.) | 16 | 30 | 42 | 52 | 60 |
| Total Cost (Rs.) | 14 | 27 | 39 | 49 | 61 |

SECTION – B

21. Explain the circular flow of income.

28. Explain the precautions that are taken while estimating national income by value added method.

Or

Will the following be included in the national income of India ? Give reason for your answer.

- a. Financial assistance to flood victims.
- b. Profits earned by the branches of a foreign bank in India.
- c. Salaries of Indians working in the American Embassy in India.

29. Calculate the (a) Net National Product at market price, and (b) Gross National Disposable Income.

| | (Rs. in crores) |
|------------------------------------|------------------------|
| 1 Mixed Income of self-employed | 8,000 |
| 2 Depreciation | 200 |
| 3 Profit | 1,000 |
| 4 Rent | 600 |
| 5 Interest | 700 |
| 6 Compensation of employees | 3,000 |
| 7 Net indirect taxes | 500 |
| 8 Net factor income to abroad | 60 |
| 9 Net exports | (-)50 |
| 10 Net current transfers to abroad | 20 |

SET – 3
SECTION – A

13. Complete the following table:

| Output (units) | Average Fixed Cost (Rs.) | Marginal Cost (Rs.) | Average Variable Cost (Rs.) | Total Cost (Rs.) |
|----------------|--------------------------|---------------------|-----------------------------|------------------|
| 1 | 120 | ----- | 40 | ----- |
| 2 | 60 | ----- | 56 | 232 |
| 3 | ----- | ----- | 54 | ----- |
| 4 | 30 | ----- | ----- | ----- |

14. From the following data find out the level of output that will give the producer maximum profit (use marginal cost and marginal approach). Give reasons for your answer.

| | | | | | |
|----------------------------|----|----|----|----|----|
| Output (units) | 1 | 2 | 3 | 4 | 5 |
| Total Cost (Rs.) | 9 | 17 | 24 | 29 | 36 |
| Total Revenue (Rs.) | 11 | 20 | 27 | 32 | 35 |

SECTION – B

16. Define Revenue deficit.
 20. Define Marginal Propensity to Save.
 21. Distinguish between stocks and flows. Give an example of each.
 26. What are non-debt creating capital receipts? Give two examples of such receipts.
 29. Calculate the (a) Gross National Product at market price and (b) Net National Disposable Income.

| | (Rs. in crores) |
|--|------------------------|
| 1 Compensation of employees | 2,500 |
| 2 Profit | 700 |
| 3 Mixed income of self-employed | 7,500 |
| 4 Government final consumption expenditure | 3,000 |
| 5 Rent | 400 |
| 6 Interest | 350 |
| 7 Net factor income from abroad | 50 |
| 8 Net current transfers to abroad | 100 |
| 9 Net indirect taxes | 150 |
| 10 Depreciation | 70 |
| 11 Net exports | 40 |